

BUILDING A STRONG AND HEALTHY AMERICA

HIGHLIGHTS

The fiscal year (FY) 2002 budget for the Department of Health and Human Services (HHS) delivers on President Bush's vision for a compassionate, responsible approach to governing the Nation. The budget plan seeks new and innovative approaches for delivering services and recognizes the important role of our outside partners – State and local governments, community and faith-based organizations, academic and religious institutions – in improving the health and well-being of all Americans.

The HHS budget reflects the President's commitment to a balanced fiscal framework that puts discretionary spending on a more moderate and sustainable growth path; protects Social Security and Medicare and supports priority initiatives; continues to pay down the national debt; and provides tax relief for all Americans. The budget plan:

Modernizes Medicare and Expands Access to Health Care: by creating an Immediate Helping Hand prescription drug initiative and dedicating resources to support comprehensive Medicare reform; expanding the number of Community Health Centers; reforming the National Health Service Corps; supporting Native American health services; enhancing State flexibility in Medicaid, the State Children's Health Insurance Program (SCHIP), and public health grants; increasing access to substance abuse treatment; and launching a national campaign to encourage organ donation.

Increases Support for America's Children and Families: by dedicating funds within the Child Care and Development Block Grant for after school certificates; protecting our vulnerable and at-risk youth, including children of prisoners and those aging out of foster care; funding organizations that operate community-based,

adult-supervised group homes for teenage mothers; promoting responsible fatherhood; recognizing the important role charitable organizations play in improving people's lives; and continuing support for Head Start.

Enhances Scientific Research and Protects Public Health: by providing the largest increase in history for the National Institutes of Health (NIH); supporting research on the cost-effectiveness and quality of health care; protecting patient safety and reducing adverse events; and safeguarding the nation's food supply.

Invests in Infrastructure and Reforms Management: by revitalizing the laboratories and related scientific facilities at the Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), and the NIH; enhancing coordination and reducing duplication of financial management and information technology systems and developing electronic options for grants management; redirecting resources from earmarked projects and lower-priority programs to other areas; and evaluating and improving program performance in accordance with the Government Performance and Results Act.

TOTALS

The FY 2002 budget for the Department of Health and Human Services totals \$468.8 billion in outlays, an increase of \$38.3 billion, or 8.9 percent, over the comparable FY 2001 budget. The discretionary component of the HHS budget totals \$55.5 billion in budget authority, an increase of \$2.7 billion, or 5.1 percent, over FY 2001, and \$11.0 billion, or 24.6 percent, over FY 2000.

MODERNIZE MEDICARE AND EXPAND ACCESS TO HEALTH CARE

The Medicare program is the centerpiece of our Nation's commitment to protecting the health of senior citizens and the disabled. Medicare's approach to health care coverage has become increasingly dated, and there are significant benefit gaps, including the lack of a prescription drug benefit. Medicare provides fewer coverage options than are enjoyed by employees of large private firms and the Federal government. As a result, many beneficiaries lack access to innovative programs and coverage that would limit their financial exposure. Medicare also has an enormous long-term financing gap. To address these issues, the President proposes to modernize Medicare. The FY 2002 budget also proposes steps to expand health care access.

Modernize Medicare: The FY 2002 budget begins the process of modernizing Medicare to meet the demands of the 21st century. To assist seniors with limited incomes or high drug expenses, the President is putting forward an Immediate Helping Hand prescription drug proposal. Our budget also dedicates resources to support comprehensive Medicare reform, including the addition of prescription drug coverage.

□ **Immediate Helping Hand:** While approximately 99 percent of employer

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sponsored health insurance plans offer either a prescription drug benefit or a cap on out-of-pocket drug expenses, Medicare provides no coverage for

outpatient prescription drugs. The Immediate Helping Hand proposal will give immediate financial support to States so they can provide prescription drug coverage to beneficiaries with low incomes or high drug expenses. The plan, which will immediately provide coverage for up to 9.5 million beneficiaries, will sunset in four years or once comprehensive Medicare reform is enacted.

The Immediate Helping Hand proposal complements and builds on coverage that is currently available in almost half the States and under consideration in most others. It gives States the flexibility to choose how to establish coverage or enhance existing plans. Immediate Helping Hand is fully funded by the Federal Government and the budget includes a total of \$46 billion over five years (FY 2001-FY 2005) for this initiative.

Under the Immediate Helping Hand proposal, individuals with incomes up to \$11,600 and married couples with incomes up to \$15,700 (135 percent of the poverty level) who are not eligible for Medicaid or for a comprehensive private retiree benefit pay no premium and no more than a nominal charge for prescriptions. For individuals with incomes up to \$15,000 and married couples with incomes up to \$20,300 (175 percent of the poverty level), the proposal provides subsidies for at least half the cost of the premium for high-quality drug coverage. Immediate Helping Hand also includes a catastrophic component that covers all seniors with out-of-pocket drug expenses in excess of \$6,000 per year.

□ **Medicare Reform:** Medicare covers only 53 percent of the average senior's annual medical expenses, and the program's benefit package has not kept pace with advances in medicine. The program also faces a growing financial crisis due to long term demographic and medical cost trends that will increase the number of persons eligible and the cost per beneficiary.

The President proposes to devote nearly \$156 billion (including funding for

Immediate Helping Hand) this year and over the next ten years to improve the financial condition of the Medicare program and to modernize the benefits package, including the addition of a prescription drug benefit. Comprehensive reform will also include streamlining the complex regulations and paperwork that govern Medicare, and reforming the management of the Health Care Financing Administration (HCFA), which runs Medicare as well as Medicaid and SCHIP.

Expanding Health Care Access: More than 42 million Americans are uninsured, and at least 48 million do not have regular access to medical care. On average, these people have higher death rates from cancer and heart disease and lower life expectancies than the general population. The HHS budget takes a number of steps to expand access to quality, affordable health care, particularly for some of our most vulnerable populations.

□ **Community Health Centers:** Many of those who are uninsured or lack access to health care live in either inner city neighborhoods or rural areas where there are few physicians or health care services. Community Health Centers provide high quality, community based care, including preventive and primary care services, to approximately 11 million individuals, 4.4 million of whom are uninsured. Federal, State, and community partnerships currently support over 3,300 health center sites.

The HHS budget launches a multi-year Presidential initiative by proposing an increase of \$124 million for Community Health Centers in FY 2002 and supporting 1,200 new or expanded health center sites over five years. This increase will expand the delivery of services to up to one million additional individuals in FY 2002. The long term goal of this expansion is to double the number of people who receive high quality primary health care regardless of their ability to pay.

□ **National Health Service Corps:** The HHS budget includes \$126 million in FY 2002 for the National Health Service Corps (NHSC). Through its scholarship and loan repayment programs, the NHSC has placed over 20,000 health care providers in communities experiencing shortages of health professionals. Targeted management reforms will ensure flexibility to place providers in the neediest communities and more accurately define shortage areas.

□ **Native American Health Services:** The FY 2002 HHS budget provides \$3.0 billion for health care services at the Indian Health Service (IHS), an increase of \$151 million, or 5.3 percent, over FY 2001. IHS provides medical care for approximately 1.5 million American Indians and Alaska Natives, both directly through a network of 49 hospitals and over 500 outpatient facilities, and indirectly through purchases of medical care from private sector hospitals and health professionals. In FY 2002, additional funding will cover increases in pay costs for staff at both Federal and Tribal-run facilities and the costs for staff at two new facilities. The FY 2002 budget also provides for the continued expansion of self-determination contracts that allow Tribes to operate their own facilities. The budget includes \$50 million for this expansion, primarily for the initial costs of the Navajo Nation assuming the operation of their own health services.

□ **Medicaid and SCHIP:** The Medicaid and SCHIP programs are proven mechanisms for improving access to health insurance and health care for the poor and near-poor. HHS will work with State partners to stem the growth of Medicaid costs, ensure the fiscally prudent management of the Medicaid and SCHIP programs, improve the way these programs provide health care to the poor and near-poor, and increase State flexibility in using private insurance coverage and

coordinating with employment-based insurance for those who have access to it.

□ *Public Health Grant Flexibility:* The FY 2002 budget gives States greater flexibility to transfer funds among public health grants. This flexibility will encourage states to make more efficient and effective use of Federal resources by allowing them to target and reallocate funds to public health priorities identified at the State and local levels. The budget also includes the President's Healthy Communities Innovation Fund initiative that supports grants to health care improvement projects in State and local communities. Under this initiative, HHS may make available approximately \$400 million in existing grant activity for innovations and will work to ensure that the best and broadest range of innovative solutions are funded across the country.

Increasing Access to Substance Abuse Treatment: The Office of National Drug Control Policy (ONDCP) estimates that as many as five million Americans need treatment for substance abuse problems, but more than 2.9 million of them do not receive it. This treatment gap, which persists due to the lack of accessible, affordable, and available treatment, impacts society as well as the individual substance abuser. ONDCP estimates the annual societal costs of illegal drug use at approximately \$110 billion.

The FY 2002 budget proposes an increase of \$100 million for substance abuse treatment services that will help close the treatment gap. This includes \$60 million for the Substance Abuse Block Grant, which is the primary funding source for State substance abuse efforts and supports over 10,500 community-based treatment and prevention organizations. An additional \$40 million will support 80 additional Targeted Capacity Expansion (TCE) grants, which provide strategic and rapid responses to emerging trends in substance abuse. A portion of this additional TCE funding is

reserved for competitive grants to organizations that provide residential treatment to teenagers.

Organ Donation: The FY 2002 budget request includes \$20 million, an increase of \$5 million, to launch a national campaign to encourage organ donation. In 1999, organs were recovered from only 6,000 cadaveric donors, and 22,000 transplants were performed, while 6,100 patients died waiting for a transplant. Today, there are some 75,000 patients awaiting organ transplants. The Department will undertake a nationwide effort to expand public information on donation and will honor donor families and living donors who have given the gift of life through organ donation. The campaign will promote donor awareness through partnerships with the transplant, business, education, and religious communities and through grants that support studies and demonstrations of innovative approaches to encourage donation.

INCREASE SUPPORT FOR AMERICA'S CHILDREN AND FAMILIES

Growing up in a stable and supportive family environment is central to enabling children to live happy and successful lives. HHS manages over 40 programs that support our nation's children, including Head Start, Foster Care and Adoption Assistance, Child Support Enforcement, Child Care, Vaccines for Children, and SCHIP. In FY 2002, HHS proposes to spend almost \$77 billion, an increase of approximately \$3 billion, on programs that help children and youth to realize their dreams. The President is committed to making sure that no child is left behind, and the FY 2002 HHS budget assists children and families to achieve this goal through initiatives to protect at-risk youth, promote responsible parenting, and support the charitable organizations that help to change people's lives.

After School Certificates: The HHS budget supports working parents by increasing total FY 2002 funding for the Child Care and Development Block Grant to \$2.2 billion and creating a \$400 million set-aside within this account for a new after school certificate program. This new program will fund grants to States to assist up to 500,000 low-income working parents in paying for after-school care for their children. Certificates will pay for after-school programs with a high-quality educational focus for children up to age 19. The FY 2002 budget also increases mandatory child care funding by \$150 million. In FY 2002, total Federal and State funding will enable these programs to serve approximately 2.6 million children, up from 2.1 million this year.

Protecting Vulnerable and At-Risk Youth: The joint Federal-State child welfare system is responsible for ensuring children's safety, creating permanency in children's living arrangements, and promoting healthy child development, but too often it fails to advance these goals. More child welfare funds should be dedicated to child abuse and neglect prevention through education and family support services. The FY 2002 budget enhances programs that support families and protect children with timely interventions that result in permanency for the child.

□ ***Promoting Safe and Stable Families:*** HHS proposes a total of \$505 million in mandatory funding, \$200 million more than FY 2001, for the Promoting Safe and Stable Families program. Resources will enhance preventative efforts to help families in crisis, increasing the likelihood that children who are at-risk of abuse or neglect can live in a permanent home. In cases where children cannot remain with their biological families, funds will support placing them with adoptive families.

HHS also proposes \$67 million in discretionary funds for a new Mentoring

Children of Prisoners program within the Promoting Safe and Stable Families activity. Through competitive grants to faith-based and community-based groups, this program will help children and parents to maintain connections during the time the parent is imprisoned. Grants will also support family reunification efforts once the parent is released from prison.

□ ***Independent Living Education and Training Vouchers:*** Approximately 16,000 youths age out of the foster care system each year. Research has shown that these youths have high rates of homelessness, early pregnancy, mental illness, drug abuse, and unemployment in the first years after they leave the child welfare system. To help these children successfully transition to independence, the HHS budget provides \$60 million for education and training vouchers through the Independent Living Program, which supports a range of services including room and board, counseling, and life skills training. Youths who are aging out of foster care can use these vouchers, worth up to \$5,000 each, to pay for college tuition or to obtain vocational training.

Maternity Group Homes: The FY 2002 HHS budget includes \$33 million for a new program to support group homes for teenage mothers. The initiative provides funding to organizations that operate community-based, adult-supervised group homes for teenage mothers and their children who cannot live with their own families due to abuse, neglect, or other circumstances. Funds will also provide certificates to young mothers to obtain a range of supportive services including education, job training, parenting education, child care, and counseling.

Promoting Responsible Fatherhood: Nearly 25 million children do not live with their fathers, and more than one-third of them do not see their fathers at all during the year. Research shows that approximately 75 percent of the children living in

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single-parent homes experience poverty before age eleven, as compared to only 20 percent of children living in two-parent homes. Children living with both parents are also more likely

to do better in school, and they experience fewer emotional and behavioral problems, than those living with one parent.

HHS proposes \$64 million in FY 2002 for a new initiative to strengthen the role fathers play in their family's lives. Of these funds, \$60 million will provide grants to faith-based and community-based organizations that promote successful parenting and marriage and which help low-income and unemployed fathers and their families avoid dependence on welfare. Services provided to fathers will include job training, career education, subsidized employment, and mentoring. The budget also includes \$4 million in FY 2002 for special projects of national significance that support State and local efforts to promote responsible fatherhood.

Recognizing the Important Role of Charitable Organizations: The HHS budget takes a number of steps to increase support for charitable organizations that have demonstrated an ability to change people's lives for the better. The budget includes \$89 million to create a Compassion Capital fund. Through public and private partnerships, this fund will provide start-up capital, operating funds, and technical assistance to qualified charitable groups that seek to expand or emulate model social services programs. This fund will also finance research and disseminate information on best practices of charitable programs and social service organizations.

In accordance with President Bush's Executive Order, the budget also includes

\$3 million to establish a Center for Faith-Based and Community Initiatives in the Department. This Center will coordinate departmental efforts to eliminate regulatory and other obstacles to the participation of faith-based and community organizations in the provision of social services.

Our budget also encourages States to provide Charity State Tax Credits for contributions to designated charities that work to address poverty. States could offer a credit against State income taxes of up to 50 percent for the first \$500 donated by individuals (\$1,000 for married couples). States have the option to use federal funds provided through the Temporary Assistance for Needy Families program to partially offset revenue losses that would result from the tax credits.

Head Start: The HHS budget includes \$6.3 billion for Head Start, an increase of \$125 million over FY 2001. The Nation's premier early childhood education program, Head Start, ensures that low-income children start school ready to learn and provides a range of comprehensive child development and health services including physical and dental exams, immunizations, and nutritional services. The FY 2002 budget will allow 916,000 children to receive Head Start services, including 55,000 children in Early Head Start, and maintains a competitive salary for teachers. The President has proposed to reform Head Start by making school readiness – pre-reading and numeracy skills – Head Start's top priority.

ENHANCE SCIENTIFIC RESEARCH AND PROTECT PUBLIC HEALTH

Advances in scientific knowledge have resulted in dramatic improvements in the health of the Nation. The FY 2002 HHS budget enhances scientific research and protects public health through investments in biomedical research, health care quality research, patient safety, and food safety.

Enhancing Research at the National Institutes of Health: The HHS budget keeps the President's commitment to doubling the FY 1998 NIH budget by FY 2003. As part of this initiative, the

The FY 2002 budget proposes an increase of \$2.75 billion for NIH, the largest dollar increase ever.

FY 2002 budget proposes a total of \$23.1 billion for NIH, an increase of \$2.75 billion or 13.5 percent over FY 2001. This is the largest dollar increase ever for NIH and will allow the agency to support over 34,000 research project grants, which is the highest level in history. In FY 2002, NIH will expand its focus on four broad research areas – genetic medicine, clinical research, interdisciplinary research, and health disparities – that show the greatest potential for yielding new scientific knowledge. NIH is also developing strategies to maximize budgetary and management flexibility to meet the challenges that result from this large increase in resources.

Supporting Research on Healthcare Quality and Outcomes: The FY 2002 budget provides a total program level of \$306 million for the Agency for Healthcare Research and Quality (AHRQ), an increase of \$36 million or 13.5 percent over FY 2001. AHRQ is the Federal agency with primary responsibility for research on the Nation's health care system. In FY 2002, AHRQ will dedicate \$255 million, an increase of \$29 million, for research on health care costs, quality, and outcomes. Of this increase, \$26 million will support additional research on the cost-effectiveness and quality of healthcare.

Protecting Patient Safety and Reducing Adverse Events: Medical errors are estimated to cause thousands of deaths each year, and the annual cost of health care

expenditures related to medical errors is estimated at \$29 billion. In 1999, the Institute of Medicine issued the report *To Err Is Human*, which recommended steps to protect patients and reduce medical errors. HHS has undertaken a multi-agency effort to improve patient safety and reduce errors and adverse events.

The FY 2002 budget for FDA supports a number of activities to protect patients and reduce adverse events. The budget includes an additional \$10 million to increase inspections and oversight of clinical trials, train clinical trial inspectors, and allow for follow-up of all complaints concerning clinical trials within 30 days. The budget also includes a \$35 million increase for two post-market safety assurance programs. Of these funds, an additional \$10 million will expand efforts to reduce adverse events from regulated products, for which FDA receives over 300,000 reports each year. The remaining \$25 million will increase the number of domestic and foreign inspections FDA performs each year and allow them to conduct additional import analysis and sampling in all product areas.

AHRQ will devote \$53 million in FY 2002 to continue its work on identifying ways to reduce medical errors. This effort will include activities to test reporting strategies, develop and test new technologies, research the causes of medical errors, and train providers.

As part of the Department's Patient Safety Task Force, FDA, CDC, AHRQ, and HCFA are working collaboratively to develop a unified reporting system to make it easier for providers to communicate information on adverse events. CDC will use a portion of its infectious disease budget to support this project.

Safeguarding the Nation's Food Supply: The United States has one of the world's safest food supplies. Yet every year an estimated 76 million people become ill, 325,000 are hospitalized, and 5,000 die from a foodborne illness. To help safeguard the

nation's food supply, the FY 2002 budget includes a total of \$124 million, an increase of nearly \$15 million, for FDA food safety activities. These resources will allow FDA to expand inspections of food manufacturers, improve coverage and inspection rates at import entry points, and focus on illnesses derived from chemicals and pesticides. The FY 2002 budget also includes \$34 million for food safety activities at CDC.

In addition, the FY 2002 budget for FDA includes \$15 million to enhance efforts to prevent the spread of Mad Cow Disease (Bovine Spongiform Encephalopathy, or BSE). Consumption of meat contaminated with this disease has been linked to the development of a variant of Creutzfeldt-Jakob disease in humans. Scientists have also shown that BSE can be passed among cattle through the feeding of processed animal proteins. FY 2002 funds will allow the FDA to inspect all U.S. feed mills to ensure that quality assurance practices are followed and that there is no co-mingling of processed animal proteins and cattle feed, and to tighten oversight of imported dietary supplements and cosmetics that include animal byproducts.

INVESTS IN INFRASTRUCTURE AND REFORMS MANAGEMENT

HHS manages over 300 programs which account for more than one out of every five dollars spent by the Federal Government. Effectively managing these programs requires making the necessary investments in the infrastructure that supports our operations, as well as taking steps to enhance coordination, reduce duplication, and ensure the efficient use of resources.

Revitalizing Laboratories and Scientific Facilities: The laboratories and facilities at CDC, FDA, and NIH are relied upon to control disease outbreaks, prevent illness and injury, ensure the safety of our food and medical devices, and advance biomedical knowledge. The FY 2002 HHS budget

continues to invest in the modernization of these important facilities.

The budget includes \$150 million for Buildings and Facilities at CDC. Projects include \$52 million for Phase II construction of a laboratory facility dedicated to handling the most highly infectious pathogens such as Ebola and hantavirus, and a related central utility plant; and \$84 million to begin construction of the Environmental Toxicology Lab.

In addition, the FDA budget includes \$23 million to complete construction of the Los Angeles laboratory and \$6 million to pay for one-time costs of the development of the new FDA headquarters facility at White Oak, Maryland.

The FY 2002 budget also includes \$307 million for intramural buildings and facilities at NIH. Major projects include \$26 million to complete construction of the first phase of the John Edward Porter Neuroscience Research Center and \$11 million to begin planning and design of the second phase; \$53 million to begin construction of a centralized, multi-level animal facility; and \$21 million to begin planning for the repair and renovation of the existing Clinical Center.

Enhance Coordination and Reduce Duplication of Operating Systems: HHS is a large, decentralized Department that relies on a number of systems spread across different agencies to support program operations. The FY 2002 budget invests to streamline financial management and other information technology systems, thereby enhancing coordination across the Department and eliminating unnecessary and duplicate systems.

The HHS budget includes an additional \$49.4 million, for a total of \$92.5 million in FY 2002, to finance the Department's transition to a unified financial accounting system. The Office of Inspector General has identified major problems with the Department's current accounting system structure, which consists of five separate

systems operated by multiple agencies. HHS plans to replace these antiquated systems with a unified financial management system that will provide standardization, reduce security risks, produce timely and accurate financial information needed for management decision-making, and provide accountability to our external customers.

The FY 2002 HHS budget also includes \$30 million to establish a new Information Technology Security and Innovation Fund. The Department's current information technology structure is highly decentralized, heterogeneous, and vulnerable to security threats. HHS will implement an enterprise infrastructure management approach across the Department that will minimize vulnerabilities, maximize cost savings and information sharing, reduce duplication of equipment and services, and better secure systems against viruses and network intrusion.

In addition, HHS will continue to play a lead role in the Federal Grant Streamlining Program. HHS is the largest grant-making agency in the Federal Government, administering more grant dollars than all other Federal agencies combined. HHS will continue to develop electronic options for all grant recipients who would prefer to apply for, receive, and close out their Federal grants electronically.

Redirecting Resources: The FY 2002 HHS budget reflects the President's commitment to put discretionary spending on a more sustainable path and to redirect resources to high priority programs. Over the last several years, the HHS discretionary budget has grown much faster than the rate of inflation. The President's FY 2002 budget moderates this rate of growth while funding national priorities by making targeted reductions to earmarked projects, new programs, and programs that are duplicative or whose goals are better met through other avenues.

The FY 2002 budget eliminates \$475 million in earmarked projects and \$155 million in funding for activities that were funded for the first time in FY 2001. In addition, the budget shifts \$597 million from programs such as Health Professions and the Community Access Program to higher priority activities. To finance other high priority activities, the budget also includes \$135 million in new proposed law user fees in FDA and HCFA, and expands the use of Public Health Service Evaluation funds by \$244 million.

Continuously Evaluating and Improving Program Performance: The budget request for FY 2002 is accompanied by the annual performance plans and reports required by the Government Performance and Results Act (GPRA) of 1993. These plans and reports continue to mature. The performance measures and targets touch nearly every aspect of the Department's multi-faceted mission. Some notable FY 2000 achievements include:

- HCFA reduced erroneous Medicare payments in FY 2000. Auditors estimated improper payments at \$11.9 billion, \$1.6 billion less than the previous year. HCFA is pursuing increasingly rigorous goals for FY 2001 and FY 2002.
- The Administration for Children and Families (ACF) reported that 42.9 percent of adult recipients of TANF became employed in FY 1999. This is a primary indicator of success in moving families toward self-sufficiency. It improves on the FY 1998 baseline of 38.7 percent, and exceeds the target of 42 percent.
- CDC reported a reduction of perinatal Group B streptococcal disease – the most common cause of severe infections in newborns – by 70 percent from 1995 to 1999, exceeding the goal.

The 13 performance plans and reports include dozens of other impressive success stories and demonstrate that HHS is improving the health and well-being of America. GPRA continues to serve as an important mechanism to focus all of HHS on doing the right things and doing them well.

BUILDING A STRONG AND HEALTHY AMERICA

The FY 2002 HHS budget proposes new and innovative approaches for delivering services and working with our outside partners to solve public problems. It begins to modernize Medicare, including the

addition of a prescription drug benefit, and expands access to quality health care. It increases support for America's children and families and protects the most vulnerable and at-risk. It enhances our scientific research and translates those advances into improvements in public health. And it makes investments in the infrastructure that supports HHS programs, allowing the Department to enhance coordination and reduce duplication and inefficiency.

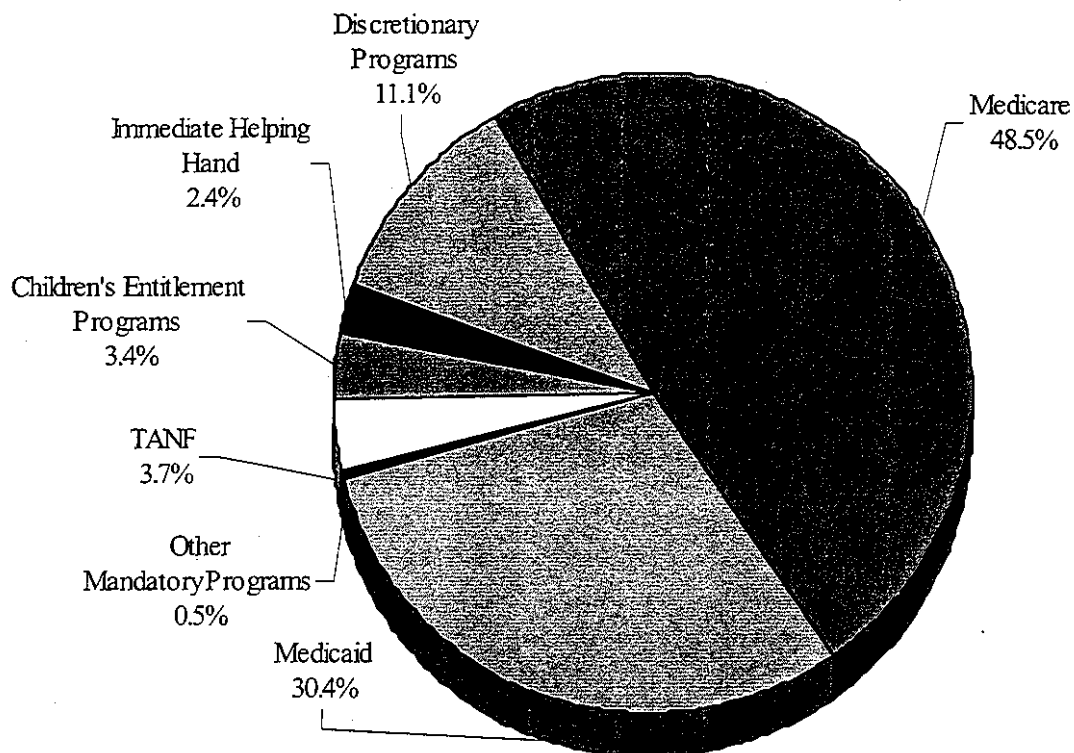
In short, the HHS FY 2002 budget proposes, in the words of President Bush, "*a compassionate, responsible, and courageous policy worthy of a compassionate, responsible, and courageous Nation.*"

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(dollars in millions)

	2000 <u>Actual</u>	2001 <u>Enacted</u>	2002 <u>Request</u>	Request <u>+/-2001</u>	Request <u>+/-2000</u>
Budget Authority	\$392,564	\$436,361	\$472,856	+\$36,495	+\$80,292
Outlays	\$382,738	\$430,455	\$468,776	+\$38,321	+\$86,038
Full-Time Equivalents	60,522	63,539	64,988	+1,449	+4,466

President's Budget for HHS FY 2002



HHS BUDGET BY OPERATING DIVISION

(dollars in millions)

	<u>2000 Actual</u>	<u>2001 Enacted</u>	<u>2002 Request</u>	<u>Request +/-2001</u>	<u>Request +/-2000</u>
Food & Drug Administration:					
Program Level.....	\$1,214	\$1,291	\$1,414	+\$123	+\$200
Budget Authority.....	1,050	1,120	1,211	+91	+161
Outlays.....	1,023	1,097	1,173	+76	+150
Health Resources & Services Administration:					
Budget Authority /1.....	4,795	6,340	5,194	-1,146	+399
Outlays.....	4,379	5,247	5,510	+263	+1,131
Indian Health Service:					
Budget Authority.....	2,421	2,729	2,807	+78	+386
Outlays.....	2,374	2,523	2,828	+305	+454
Centers for Disease Control & Prevention:					
Budget Authority.....	3,268	4,138	3,964	-174	+696
Outlays.....	2,817	3,382	3,729	+347	+912
National Institutes of Health:					
Budget Authority.....	17,894	20,454	23,205	+2,751	+5,311
Outlays.....	15,472	17,836	20,664	+2,828	+5,192
Substance Abuse & Mental Health Services:					
Budget Authority.....	2,651	2,957	3,029	+72	+378
Outlays.....	2,499	2,666	2,882	+216	+383
Agency for Healthcare Research & Quality:					
Program Level.....	204	270	306	+36	+102
Budget Authority.....	115	105	0	-105	-115
Outlays.....	56	108	91	-17	+35
Health Care Financing Administration:					
Budget Authority.....	322,459	354,485	386,527	+32,042	+64,068
Outlays.....	316,007	354,520	386,751	+32,231	+70,744

1/ FY 2001 includes a one-time \$580 million payment to the Ricky Ray Hemophilia Relief Trust Fund.

HHS BUDGET BY OPERATING DIVISION, CONTINUED

(dollars in millions)

	2000 <u>Actual</u>	2001 <u>Enacted</u>	2002 <u>Request</u>	Request <u>+/-2001</u>	Request <u>+/-2000</u>
Administration for Children & Families:					
Budget Authority.....	36,981	43,149	45,787	+2,638	+8,806
Outlays.....	37,418	42,338	43,870	+1,532	+6,452
Administration on Aging:					
Budget Authority.....	933	1,103	1,098	-5	+165
Outlays.....	885	1,017	1,086	+69	+201
Departmental Management/Civil Rights:					
Budget Authority.....	514	401	456	+55	-58
Outlays.....	426	352	619	+267	+193
Office of Inspector General:					
Budget Authority.....	151	164	186	+22	+35
Outlays.....	156	154	186	+32	+30
Program Support Center:					
Budget Authority.....	287	291	313	+22	+26
Outlays.....	181	290	308	+18	+127
Proprietary Receipts:					
Budget Authority.....	-955	-1,075	-921	+154	+34
Outlays.....	-955	-1,075	-921	+154	+34
Total, Health & Human Services:					
Budget Authority.....	\$392,564	\$436,361	\$472,856	+\$36,495	+\$80,292
Outlays.....	\$382,738	\$430,455	\$468,776	+\$38,321	+\$86,038
Full-Time Equivalents.....	60,522	63,539	64,988	+1,449	+4,466

COMPOSITION OF THE HHS BUDGET

(dollars in millions)

	<u>2000 Actual</u>	<u>2001 Enacted</u>	<u>2002 Request</u>	<u>Request +/-2001</u>	<u>Request +/-2000</u>
Mandatory Programs (Outlays):					
Medicare.....	\$194,870	\$216,877	\$227,508	+\$10,631	+\$32,638
Medicaid.....	117,921	128,853	142,423	+13,570	+24,502
Temporary Assistance for Needy Families.....	15,464	17,080	17,260	+180	+1,796
Immediate Helping Hand.....	0	2,500	11,200	+8,700	+11,200
Foster Care & Adoption Assistance.....	5,453	6,055	6,549	+494	+1,096
Child Support Enforcement.....	2,906	3,439	3,453	+14	+547
Child Care.....	2,237	2,423	2,555	+132	+318
State Children's Health Insurance.....	1,220	4,032	3,355	-677	+2,135
Social Services Block Grant.....	1,827	1,907	1,809	-98	-18
Other Mandatory Programs.....	892	1,489	1,421	-68	+529
Proprietary Receipts.....	<u>-955</u>	<u>-1,075</u>	<u>-921</u>	<u>+154</u>	<u>+34</u>
Subtotal, Mandatory (Outlays).....	\$341,835	\$383,580	\$416,612	+\$33,032	+\$74,777
Discretionary Programs (BA) /1:					
Food & Drug Administration.....	\$1,050	\$1,120	\$1,211	+\$91	+\$161
Health Resources & Services Administration...	4,575	5,576	5,019	-557	+444
Indian Health Service.....	2,391	2,629	2,707	+78	+316
Centers for Disease Control and Prevention....	3,265	4,121	3,957	-164	+692
National Institutes of Health.....	17,867	20,361	23,112	+2,751	+5,245
Substance Abuse & Mental Health Services.....	2,651	2,957	3,029	+72	+378
Agency for Healthcare Research & Quality.....	115	105	0	-105	-115
AHRQ Program Level (Non-Add).....	204	270	306	+36	+102
Health Care Financing Administration.....	1,996	2,242	2,236	-6	+240
Administration for Children & Families.....	9,109	12,101	12,594	+493	+3,485
Administration on Aging.....	933	1,103	1,098	-5	+165
Office of the Secretary.....	<u>545</u>	<u>435</u>	<u>492</u>	<u>+57</u>	<u>-53</u>
Subtotal, Discretionary (BA).....	\$44,497	\$52,752	\$55,455	+\$2,703	+\$10,958
Subtotal, Discretionary (Outlays).....	\$40,903	\$46,875	\$52,164	+\$5,289	+\$11,261
Total, HHS Outlays.....	\$382,738	\$430,455	\$468,776	+\$38,321	+\$86,038

/1 The Public Health and Social Services Emergency Fund is being discontinued in this budget but the activities previously funded in this account such as bioterrorism are included in the appropriate agency budgets.